

Date: March 5, 2008
W.I.: 1254
Referred by: BATA

ABSTRACT

BATA Resolution No. 77

This resolution authorizes the issuance of refunding bonds to refinance certain outstanding bonds, authorizes the purchase of those outstanding bonds, authorizes restructuring related interest rate swap obligations of the Authority, and authorizes all necessary actions in connection therewith.

Discussion of this action is contained in the Executive Director's Memorandum to BATA, dated March 5, 2008.

Date: March 5, 2008
W.I.: 1254
Referred by: BATA Oversight

RE: Authorizations Concerning Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds

BAY AREA TOLL AUTHORITY
RESOLUTION NO. 77

WHEREAS, the Bay Area Toll Authority (the "Authority"), has issued its Toll Bridge Revenue Bonds (the "Bonds") pursuant to the Master Indenture, as amended and supplemented (the "Indenture"), between the Authority and Union Bank of California, N.A. ("Union Bank"), as trustee; and

WHEREAS, recent developments in the capital markets have adversely affected the interest rates or the marketability of certain Bonds that are variable interest rate bonds and future events may further adversely affect those Bonds;

WHEREAS, in order to minimize debt service and maximize benefits to the Authority, it is desirable for the Authority to pursue a strategy or combination of strategies, including but not limited to:

- (1) issuing refunding bonds (the "Refunding Bonds") to refund certain outstanding variable interest rate Bonds;
- (2) changing the interest rate determination method for certain outstanding variable interest rate Bonds;
- (3) purchasing or retiring certain outstanding variable interest rate Bonds;
- (4) executing, amending, replacing or terminating liquidity or credit support arrangements for the Authority's outstanding variable interest rate Bonds;
- (5) amending or restructuring existing swap agreements for certain variable interest rate Bonds; and
- (6) entering into new or amended arrangements with bond insurers, reserve facility providers, auction agents, broker-dealers or remarketing agents for the outstanding variable interest rate Bonds and the Refunding Bonds; now, therefore, be it

RESOLVED, that the Authority finds that the foregoing recitals are true and correct and that terms used in this Resolution that are defined in the Indenture shall have the meanings herein assigned therein; and, be it further

RESOLVED, that the Authority hereby authorizes the issuance of Refunding Bonds for refunding purposes from time to time as Variable Rate Demand Bonds, in accordance with the Indenture, in one or more series, in an aggregate principal amount not to exceed \$1.2 billion, to:

- (1) refund all Bonds that are auction rate securities and/or insured by XL Capital Insurance Inc.;
- (2) fund a reserve fund or pay for Reserve Facilities;
- (3) pay costs of issuance of the Refunding Bonds, provided that the aggregate costs of issuance of the Refunding Bonds (including the underwriters' discount but excluding the costs of any credit or liquidity instruments and any Reserve Facilities entered into in connection with the Refunding Bonds) shall not exceed 1.40% of the aggregate principal amount of the Refunding Bonds; and
- (4) pay any other costs, fees or payments as are determined to be necessary or desirable by the Executive Director or the Chief Financial Officer in carrying out the purposes of this Resolution.

RESOLVED, that subject to the foregoing, the series designations, dates, maturity date or dates (not to exceed 40 years from their date of issuance), interest rate or rates (not to exceed 12% per annum for Variable Rate Demand Bonds, except with respect to any Refunding Bonds that are Credit Provider Bonds, for which the interest rate or rates shall not exceed 15% per annum), and method of determining the same, terms of redemption, terms of tender and purchase, and other terms of the Refunding Bonds, shall be as provided in Supplemental Indentures as finally executed; and be it further

RESOLVED, that the Authority hereby authorizes the Executive Director, the Chief Financial Officer or another Authorized Representative (as defined in the Indenture) (each, an

“Authorized Representative”), and each of them, to select the parties to and execute and deliver (and the Secretary is authorized to countersign, if necessary) each of the documents that is necessary or appropriate to effect the refunding or restructuring authorized hereby and the conversion and remarketing of the Bonds authorized to be refunded, including, without limitation, Supplemental Indentures, standby bond purchase agreements, purchase contracts, remarketing agreements, credit agreements, and continuing disclosure agreements (collectively called the "Bond Documents") in substantially the forms executed by the Authority in the past, with such additions thereto or changes therein or in such other form as the Authorized Representative executing the same, with the advice of General Counsel to the Authority and Orrick, Herrington & Sutcliffe LLP, bond counsel to the Authority (“Bond Counsel”), may require or approve, the approval of such additions or changes or the approval of such other form to be conclusively evidenced by the execution and delivery of each of said documents; and be it further

RESOLVED, that the Authority hereby authorizes each of the Authorized Representatives to make, for and on behalf of the Authority, one or more unconditional offers to purchase the Bonds authorized to be refunded at a price equal to the principal amount of the Bonds (plus accrued interest) on a date or dates selected by the Authority; and be it further

RESOLVED, because the Authority’s cost of funds to pay interest on Bonds heretofore and hereafter issued will be affected by changes in interest rates, each Authorized Representative is hereby authorized, for and on behalf of the Authority, to select counterparties for and prepare, enter into, and perform contracts and arrangements permitted by California Government Code Sections 5920 through 5923 determined by such Authorized Representative to be necessary or appropriate:

- (1) to assign or modify any of the Authority’s existing interest rate swap agreements related to the Bonds authorized to be refunded, in order to adjust the amount or duration of payments, increase or decrease interest rates (fixed interest rate swap payments at rates not to exceed 4.0 percent per annum or variable rate swap payments at rates not to exceed a contractual ceiling approved by an Authorized

- Representative), or otherwise alter risks thereunder by amending or supplementing the contract or arrangement or entering into other contracts or arrangements with the same or other counterparties that have approximately the same economic effect as amending or supplementing the contract or arrangement with an existing counterparty;
- (2) provided, that all such contracts and arrangements (and any such amendments or supplements) shall be entered into using the Authority's previously approved Debt Policy and forms of swap documentation as guidelines for documentation and counterparty selection, and with such changes in swap documentation as shall be approved by an Authorized Representative;
- (3) provided further, that each of the contracts and arrangements authorized hereby (with any such amendments or supplements) shall be a Qualified Swap Agreement if the Authority has received a Rating Confirmation from each Rating Agency with respect thereto and if the Authorized Representative determines, for and on behalf of the Authority, that (a) the notional amount of the contract or arrangement does not exceed the principal amount of the related Series of Bonds or portion thereof (and in making such a determination, the Authorized Representative is hereby directed to calculate notional amounts as net amounts by taking into account and giving effect to all modifications, terminations, adjustments, contracts and arrangements referred to in (1) above) and (b) the contract or arrangement is intended to place Bonds on the interest rate basis desired by the Authority and that payments (other than payments of fees and expenses and termination payments, which shall be Subordinate Obligations) thereunder shall be payable from Revenue on a parity with the payment of Bonds; and be it further

RESOLVED, that the Chair of the Authority, the Vice Chair of the Authority, the Executive Director, the Chief Financial Officer, and other appropriate officers of the Authority, be and they are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all certificates, documents, amendments, instructions, orders, representations and requests, and to do any and all things and take any and

all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Authority has approved in this Resolution or in prior resolutions related to the Bonds and to carry out, consummate and perform the duties of the Authority set forth in the Bond Documents and all other documents executed in connection with the Bonds; and be it further

RESOLVED, that this Resolution shall take effect from and after its adoption.

BAY AREA TOLL AUTHORITY

Bill Dodd, Chair

The above resolution was entered into by the Bay Area Toll Authority at a special meeting of the Authority held in Oakland, California, on March 5, 2008.